

Vermont's Children Need Your Help

Fix the Funding Gaps in the Child Care Financial Assistance Program

Overview:

Vermont's **Child Care Financial Assistance Program (CCFAP)** is an important resource for lower-income Vermont families to enroll their children in quality child care programs while parents work or attend school. However, funding for the program has not kept pace with increasing child care costs, limiting parents' ability to access quality child care programs and leaving **more than a \$10.1 million funding gap** in the program.

- **Urgently, we estimate that CCFAP will need a budget increase of approximately \$1 million to sustain current service levels and meet increasing demands.** The administration's proposed budget for fiscal year 2017 does not include this increase. Level funding is effectively a budget cut for CCFAP. Without an increase, the program will not be able to keep pace with increasing needs, which could result in a program waitlist for the first time in Vermont's history.
- Additionally, **CCFAP tuition assistance rates are seriously outdated** when compared to current market rates for child care. Currently, tuition assistance is based on numbers slightly higher than Vermont's 2008 market rates for child care. To bring assistance rates in line with 2014 market rates, CCFAP would need an additional investment of approximately \$9.1 million.

The Vermont Early Childhood Alliance, Let's Grow Kids, Vermont Association of Child Care Resource and Referral Agencies, Vermont Association for the Education of Young Children, and Vermont Child Care Providers Association are concerned that these significant funding challenges have direct and serious impacts on Vermont's children, families and child care providers.

How the Program Works:

CCFAP provides child care tuition assistance for families who meet certain financial, health, work or education criteria and children who are currently in the care of the Department for Children and Families (DCF). CCFAP pays 10% to 100% of a tuition assistance rate set by the state, depending on a family's income and size. The more a family earns, the less tuition assistance the family receives. CCFAP tuition assistance rates are set based on a program's level of recognition through the state's quality recognition and improvement system, known as STARS (STep Ahead Recognition System). The higher a program's STARS level, the higher the tuition assistance rate.

→ parents who have to make decision based on cost

The Urgent Need:

Based on calculations developed by our coalition, **we anticipate that CCFAP will need approximately \$1 million in increased funding to sustain current services and meet growing demand.** Unfortunately, the administration's budget recommendation for fiscal year 2017 provides level funding for the program. Level funding is effectively a funding cut for the program.

One significant demand on CCFAP is due to the increasing number of children coming into the care of DCF. As reported earlier this year by the *Burlington Free Press*, an unprecedented number of young children 0-5 are coming into DCF custody due to Vermont's opiate crisis. CCFAP tuition assistance can be an important resource for these children who are experiencing significant change and upheaval. High-quality child care programs can provide a trauma-informed, stable and loving environment for children in transition.

Additionally, according to DCF's year-end report for 2015, CCFAP has also seen more children using the program to access high-quality child care programs. This is also an important strategy for ensuring that Vermont's families are safe, stable, nurturing and supported. As discussed previously, the higher a program's quality recognition level, the more tuition assistance a child receives to attend the program. This is great news for children and families, but a cost-driver for the program.

Without a budget increase of \$1M, we anticipate DCF will need to cut services or create a waiting list for the first time in the history of the state. Waiting lists are not only difficult to manage, but can also be a serious challenge for families working their way out of poverty. When a parent finally gets a job or when the child care slot finally opens up, being placed on a waiting list can make change impossible for lower-income families.

The Growing Funding Gap:

CCFAP has been underfunded for many years. Current tuition assistance rates have barely increased over the past five years, leaving a significant gap between how much tuition assistance covers and the current market rates for child care programs. **This gap means big challenges for families and for child care providers.**

Underfunding Forces Tough Choices for Families

Because tuition assistance rates are so out of step with the current cost of programs, families receiving CCFAP tuition assistance are often asked to cover the difference between the tuition assistance rate and the full cost of the child care program. Families who can't afford to pay this additional amount are limited in which (if any) programs they can choose. This gap means that not all families are able to access high-quality, affordable child care, which reduces the effectiveness of CCFAP.

Jamie's Story: Jamie has a good job, but she doesn't make enough to cover her expenses like rent, food, utilities AND afford child care for her infant daughter on her \$11.50 an hour wage. The good news is that Jamie qualifies for CCFAP tuition assistance. The problem is that Jamie can't afford to pay her share of the CCFAP tuition assistance rate AND the difference between the CCFAP tuition assistance rate and the full rate of the child care program close to her home. Jamie finds another child care provider that has an opening and does not ask her to cover the difference, but it is twenty minutes away and Jamie doesn't have a car. Because of the gap between CCFAP tuition assistance rates and the current costs of child care programs, Jamie is forced to spend multiple hours each day taking her daughter to and from child care on the bus, sometimes leaving home before 5 a.m., so she can drop her daughter off and get to work on time.

Underfunding Forces Tough Choices for Child Care Providers

The gap between CCFAP tuition assistance rates and current market rates for child care programs also hurts providers. Providers are forced to choose between asking families who already face financial challenges to cover the difference between the CCFAP tuition assistance rate and the rate the provider charges other families for the program, and not asking families to cover the difference and take a financial hit to the program's budget.

Cheryl's Story: Cheryl operates a 4 STAR child care program for infants, toddlers and preschoolers. About 25% of the children in her program qualify for CCFAP tuition assistance, and Cheryl does not ask these families to cover the difference between the CCFAP tuition assistance rate and how much Cheryl charges other families for her program. This means that Cheryl loses thousands of dollars every month. Over the course of the year this adds up, and Cheryl has to decide between providing health insurance for her staff or continuing to cover the losses she incurs from the children she cares for who qualify for CCFAP.

Meeting the Need:

Vermont faces ever-growing funding gaps in CCFAP. For the long-term, the recently formed Blue Ribbon Commission on Financing High Quality, Affordable Child Care is looking at Vermont's child care programs as a whole, and will recommend approaches to address the broader challenges faced by CCFAP in a report to the Governor and Legislature. **While the Commission works on identifying sustainable funding, Vermont's children and families need the Vermont Legislature to address the current financial gaps faced by the program.**

Vermont's families need help now. CCFAP needs an additional funding increase of at least \$1 million for FY17. The longer the state waits to align CCFAP funding with current needs, the more it falls behind, hurting Vermont's children, families and child care providers.